

**Home Equity Reverse Mortgage Information
Technology
(HERMIT)**

**HERMIT SYSTEM CHANGES - Release 3.8
Part 2**

Release Date: 09/26/2014

HERMIT SYSTEM CHANGES – RELEASE 3.8 – Part 2

1 INTRODUCTION

The HECM SP released Part 1 of version 3.8 of the HERMIT software which consists of Non-Borrowing Spouse (NBS) system changes per ML 2014-07 on 8/2/2014. (*Section 1.1*)

The HECM SP released Part 2 of version 3.8 of the HERMIT software which consists of bulk upload functionality for allowing post endorsement editing of certain fields for all endorsed loans (*Section 1.2*) and correcting Original Principal Limit (OPL) and Current Principal Limit (CPL) values through B2G on 09/26/2014. (*Section 1.3*).

With the Part 2 release, HUD requires users to update the editable fields on the edit loan rate screen prior to adjusting the CPL through the B2G. The results of the edits may correct the CPL, therefore it would not be necessary to use the B2G process to update the CPL.

If you have any questions regarding the functionality of the software release, please contact the HERMIT Help Desk at 561-899-2610 or at support@hecmsp.com. If you have any policy related questions, please send an email to HUD at answers@hud.gov.

1.1 HERMIT System Changes – Non-Borrowing Spouse (ML 2014-07) –HERMIT System changes were posted on HUD Portal.

1.2 Hermit System Changes - Fields Editable Post-Endorsement - HERMIT System changes were posted on HUD Portal.

HERMIT system allows the six fields below to be edited after endorsement of the loan (Case status is Endorsed) via the Loan Details screen for all endorsed loans.

- Interest Rate at Closing
- Monthly Service Fee
- Credit Type
- Index Type
- Margin
- Rate Type

HERMIT SYSTEM CHANGES – RELEASE 3.8 – Part 2

Loan Information
 FHA Case #: 123456789
 Loan Key: 123456789
 Case Status: Endorsed
 Case Sub-Status: Short Sale Initiated
 Product Type: HECM STANDARD
[Go to Loan Search](#)

Borrower Information
 Borrower: 123456789
 SSN: 123-456789
 DOB: 12/31/1950
 Address: 1234 Main St, Anytown, CA 90210
 Co-Borrower: 123456789
 NBS: No

Servicer Information
 Lender Loan #: 123456789
 Servicer #: 123456789
 Lender Name: 1234 Main St, Anytown, CA 90210
 Servicer Name: 1234 Main St, Anytown, CA 90210
 Investor Name: 1234 Main St, Anytown, CA 90210

Balance Information
 Pay Plan Type: Line of Credit
 Loan Balance: \$112,517.62
 Max Claim: \$121,296.00
 % of Max Claim: 92.762 %
 NPL: (\$2,424.82)
[Print Loan Details](#)

Edit Loan Rates

Exp. Interest Rate: 7.300%
 MIP Rate: 0.500%
 Interest Rate At Closing: 7.300%
 Rate Type: Monthly
 Index Type: 1-Year CMT
 Margin: (Range 0% - 5%) 1.200%
 Round to 1/8th: ☐
 Credit Type:
 Monthly Service Fee: \$30.00
 Previous Idx Rate / Int Rate: 0.090% / 1.290%
 Current Idx Rate / Int Rate: 0.110% / 1.310%

Closing Date: 09/01/2006
 Funded Date: 09/01/2006
 FHA Case # Assigned Date:
 Application Date:
 Exp. Rate Index Date:
 Exp. Rate Locked: No
 First Payment Date:
 ARM First Change Date: 09/01/2006
 Basis Points (BPS): %
 Next Idx Rate / Int Rate: 0.110% / 1.310%
 Periodic Cap / Lifetime Cap: % / 17.310%

Figure 1: Fields Editable Post Endorsement in Load Details Screen

HUD requires users to update the editable fields in the Loan Details screen (Interest Rate at Closing, Monthly Service Fee, Credit Type, Index Type, Margin, Rate Type) prior to adjusting the CPL through the B2G. Corrections to these fields may correct the CPL.

HUD requires users to upload supporting documentation to HERMIT and to use HERMIT Notes to include a narrative explanation of the updated changes made to each editable field.

By submitting post endorsement changes to HECM loan data using the Loan Details screen or the OPL/CPL B2G interface the servicer certifies that the changes are correct and the resulting HECM loan data is accurate.

The following table is a suggestion of the minimum documentation required for each data edit update:

Changed HERMIT Data Element	Minimum Documentation Required
Original Principal Limit	Narrative explanation of the change in Notes, servicer system screen shot, payment plan
Current Principal Limit	Narrative explanation of the change in Notes, servicer system screen shot supporting the before values
Interest Rate at Closing	Narrative explanation of the change in Notes, servicer system screen shot, promissory note


HERMIT SYSTEM CHANGES – RELEASE 3.8 – Part 2


Changed HERMIT Data Element	Minimum Documentation Required
Monthly Servicing Fee	Narrative explanation of the change in Notes, servicer system screen shot, signed copy of 'Estimated Amortization Schedule' or 'Total Annual Loan Cost' or other supporting documentation
Index Type	Narrative explanation of the change, servicer system screen shot, promissory note or mortgage
Margin	Narrative explanation of the change in Notes, servicer system screen shot, promissory note or mortgage
Rate Type	Narrative explanation of the change in Notes, servicer system screen shot, HERMIT screen shot of before value and after value, promissory note
Credit Type	Narrative explanation of the change in Notes, servicer system screen shot, HERMIT screen shot of before value and after value, promissory note, or other supporting documentation

1.2.1 Updating Interest rate at Closing, Index Type, Margin, Rate Type

HERMIT system will allow the user to update the Interest rate at Closing, Index Type, Margin, ARM First Change Date and Rate Type in the Loan Details screen post endorsement of the loan. Upon adjusting the values, an Auto-Adjust Int MIP SF transaction code is generated adjusting the loan balance from the **inception** of the loan.

Loan Transaction Results

 [Export Transactions](#)

 [Print Transactions](#)

Display:

10

Trans Date	Effect Date	Code	Description	Prin Amt	Int Amt	MIP Amt	SF Amt	Loan Bal Trans Amt
08/04/2014	12/31/2010	1190	Auto-Adjust Int Mip SF	\$0.00	\$100.14	\$0.38	\$0.00	\$100.52
08/04/2014	11/30/2012	1190	Auto-Adjust Int Mip SF	\$0.00	\$119.33	\$1.43	\$0.00	\$120.76
08/04/2014	02/28/2007	1190	Auto-Adjust Int Mip SF	\$0.00	(\$29.76)	(\$0.06)	\$0.00	(\$29.82)
08/04/2014	01/31/2009	1190	Auto-Adjust Int Mip SF	\$0.00	\$34.93	(\$0.25)	\$0.00	\$34.68
08/04/2014	04/30/2014	1190	Auto-Adjust Int Mip SF	\$0.00	\$131.79	\$2.32	\$0.00	\$134.11
08/04/2014	09/30/2005	1190	Auto-Adjust Int Mip SF	\$0.00	\$13.43	\$0.00	\$0.00	\$13.43
08/04/2014	08/31/2007	1190	Auto-Adjust Int Mip SF	\$0.00	(\$34.20)	(\$0.14)	\$0.00	(\$34.34)
08/04/2014	01/31/2004	1190	Auto-Adjust Int Mip SF	\$0.00	(\$5.30)	(\$0.01)	\$0.00	(\$5.31)
08/04/2014	05/31/2012	1190	Auto-Adjust Int Mip SF	\$0.00	\$115.26	\$1.13	\$0.00	\$116.39
08/04/2014	09/30/2010	1190	Auto-Adjust Int Mip SF	\$0.00	\$93.71	\$0.27	\$0.00	\$93.98
				\$26,962.00	\$15,321.92	\$2,532.19	\$0.00	\$44,816.11

12345678910...

Figure 2: Adjustment Transactions Created Upon Adjusting Fields

In addition to providing tracking and reporting information, the credit type does have a hard stop edit imposed when the Credit Type is CLOSED ENDED. A servicer cannot record unscheduled disbursements on a loan with a CLOSED ENDED Credit Type. If a loan has an OPEN ENDED Credit Type, unscheduled disbursements can be made as long as NPL > 0. In either case, the user can NEVER exceed the NPL. When the NPL reaches 0, the user is forced to enter disbursements as either property charges or corporate advances on both OPEN and CLOSED ended loans. **If Credit Type is blank, the HERMIT System will treat this as an OPEN ENDED loan.**

Figure 3: Adjusting Credit Type in Loan Details Screen

HERMIT SYSTEM CHANGES – RELEASE 3.8 – Part 2

1.2.3 Updating Service Fee

HERMIT system will allow the user to update the Monthly Service Fee in the Loan->Details screen post endorsement of the loan. Upon adjusting the Service Fee, an Auto-Adjust Int MIP SF transaction code is generated adjusting the Service Fee and loan balance from the **inception** of the loan.

Loan Transaction Results

Export Transactions

Print Transactions

Display: 10

Trans Date	Effect Date	Code	Description	Prin Amt	Int Amt	MIP Amt	SF Amt	Loan Bal Trans Amt
08/04/2014	05/31/2012	1190	Auto-Adjust Int Mip SF	\$0.00	\$13.51	\$1.36	\$25.00	\$39.87
08/04/2014	07/31/2008	1190	Auto-Adjust Int Mip SF	\$0.00	\$6.63	\$0.66	\$25.00	\$32.29
08/04/2014	05/31/2007	1190	Auto-Adjust Int Mip SF	\$0.00	\$4.81	\$0.48	\$25.00	\$30.29
08/04/2014	03/31/2005	1190	Auto-Adjust Int Mip SF	\$0.00	\$1.73	\$0.17	\$25.00	\$26.90
08/04/2014	11/30/2006	1190	Auto-Adjust Int Mip SF	\$0.00	\$4.07	\$0.41	\$25.00	\$29.48
08/04/2014	10/31/2008	1190	Auto-Adjust Int Mip SF	\$0.00	\$7.04	\$0.71	\$25.00	\$32.75
08/04/2014	06/30/2010	1190	Auto-Adjust Int Mip SF	\$0.00	\$9.88	\$0.99	\$25.00	\$35.87
08/04/2014	01/31/2014	1190	Auto-Adjust Int Mip SF	\$0.00	\$16.98	\$1.69	\$25.00	\$43.67
08/04/2014	02/29/2012	1190	Auto-Adjust Int Mip SF	\$0.00	\$13.01	\$1.30	\$25.00	\$39.31
08/04/2014	01/31/2009	1190	Auto-Adjust Int Mip SF	\$0.00	\$7.45	\$0.74	\$25.00	\$33.19
				\$26,962.00	\$16,375.93	\$2,637.58	\$3,225.00	\$49,200.51

Figure 4: Adjustment Transactions Created Upon Adjusting Service Fee

1.2.4 Audit Tracking Changes reflecting Post Endorsement Editable Fields

HERMIT system will display the post endorsement edits as changed values in the Audit Tracking screen for the loan

Audit Filter Criteria				
--ALL--				
<input checked="" type="checkbox"/> Include changes made by System				
Audit Results				
Audit Type	Original Value	New Value	Audit Desc	Change Date
Credit Type	Open-Ended	Close-Ended		09/16/2014 12:13:07 PM
ARM First Change Date		09/01/2014		09/16/2014 12:13:07 PM
Rate Type	Fixed	Monthly		09/16/2014 12:13:07 PM
Index Type	No Index	1-Month CMT		09/16/2014 12:13:07 PM
Interest Rate at Closin ...	5.000	4.000		09/16/2014 12:13:07 PM
Monthly Service Fee	\$20.00	\$30.00		09/16/2014 12:13:07 PM

Figure 5: Post Endorsement Editable Fields in Audit Tracking Screen

1.3 HERMIT System Changes - New B2G Functionality for Uploading and updating OPL/CPL

1.3.1 Update OPL/CPL Values

Users will be allowed to update the OPL/CPL values using the new B2G functionality for loans post loan setup through post endorsement. Perform the following steps to update the OPL/CPL values:-

Step 1: Select the Batch->Servicer File Upload screen

Step 2: Select OPL/CPL link

HERMIT SYSTEM CHANGES – RELEASE 3.8 – Part 2

Step 3: Open the B2G file to enter the fields FHA Case#, OPL and CPL

Step 4: Save the file as “filename.txt” as tab delimited text

Step 5: Click Browse and upload the file by selecting the Upload button

Step 6: File is uploaded successfully or validation errors are displayed

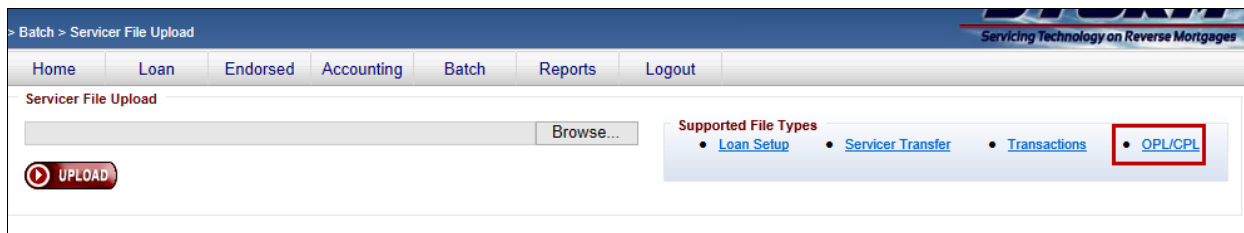


Figure 6: Servicer File Upload Screen to download OPL/CPL B2G File

Note: File will need to be corrected and uploaded again if there are any validation errors. (See section 1.3.5 for list of validation errors)

Important: Update to OPL/CPL values take place **ONLY** after the scheduled nightly job runs in HERMIT.

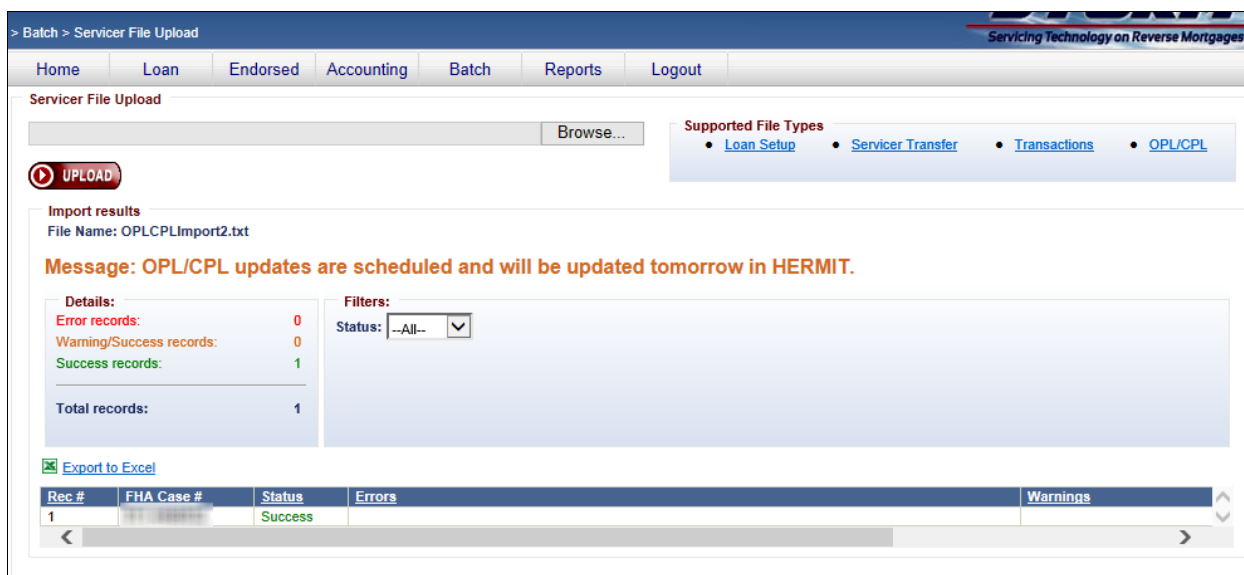


Figure 7: Import Results for OPL/CPL B2G File Upload

1.3.2 Sample OPL/CPL File to be uploaded

Listed below is the sample OPL/CPL file to be uploaded in the Servicer File Upload screen with updated values.

HERMIT SYSTEM CHANGES – RELEASE 3.8 – Part 2

	A	B	C
1	OPLCPLImport		
2	FHA Case #	OPL	CPL
3	1234567890	250000.00	250000.00
4			
5			
6			
7			
8			
9			

Figure 8: Sample OPL/CPL B2G File

1.3.3 Audit Tracking Changes reflecting OPL/CPL changes

HERMIT system will display the OPL/CPL changed values in the Audit Tracking screen for the loan

Audit Filter Criteria

--ALL--

FILTER

CLEAR

☒ Include changes made by System

Audit Results

Display: 10

Audit Type	Original Value	New Value	Audit Desc	Change Date	Changed By
Next Interest Rate	2.152	2.154			
ARM Next Change Date	08/01/2014	09/01/2014			
Previous Index Rate	0.152	0.151			
Current Index Rate	0.151	0.152			
Next Index Rate	0.152	0.154			
Previous Interest Rate	2.152	2.151			
Current Interest Rate	2.151	2.152			
CPL was changed	\$158,969.39	\$158,969.00			
OPL was changed	\$143,325.00	\$143,326.00			
Next Index Rate	0.151	0.152			

12345678910

136 Record(s)

Figure 9: OPL/CPL Updates in Audit Tracking Screen

1.3.4 Critical Alert

HERMIT system displays a critical alert “Scheduled OPL/CPL Updated Failed” if user terminates the loan after the OPL/CPL values are uploaded and the initial validation passes, and prior to the nightly job run to update the OPL/CPL values for the loan. System will not update the OPL/CPL values.

HERMIT SYSTEM CHANGES – RELEASE 3.8 – Part 2

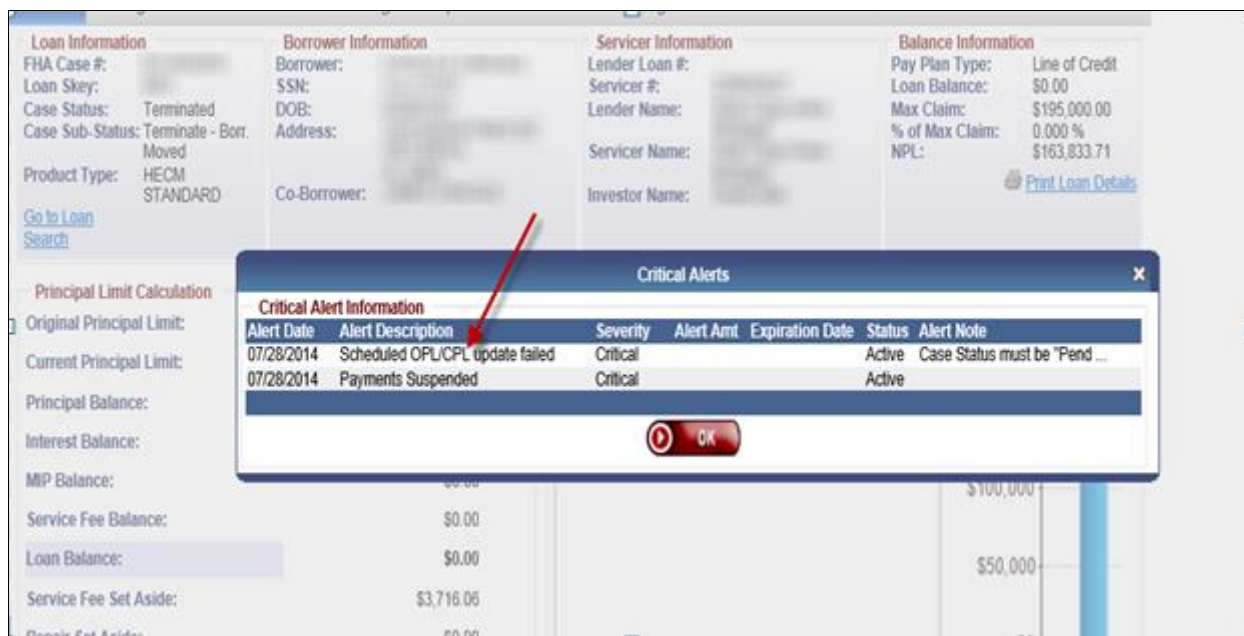


Figure 10: Critical Alert for OPL/CPL Update

A critical alert is also displayed on the loan, if updating the OPL/CPL values will make the NPL negative on the loan prior to the nightly job run. System will not update the OPL/CPL values.



Figure 11: Critical Alert displayed when NPL goes negative

1.3.5 Validation Errors for OPL/CPL

- HERMIT system shall display a validation error message, if:-
- OPL/CPL values uploaded are not within the range $0 > OPL \leq 2,000,000.00$
- OPL is greater than the CPL on the loan
- Mortgagee ID that is part of the user's profile does not match the mortgagee ID on the loan
- Case status is Endorsed and sub status = CT-22 Preliminary Title Approval
- Case Status is Assigned

HERMIT SYSTEM CHANGES – RELEASE 3.8 – Part 2

- Case Status is Terminated
- NPL is currently \leq \$0.00